

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08
FRB-01 INR-10 NSAE-00 SP-02 STR-07 TRSE-00 LAB-04
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R 131113Z SEP 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 7273
INFO ALL EC CAPITALS
AMEMBASSY STOCKHOLM

UNCLAS SECTION 01 OF 02 PARIS 30236

E.O. 11652: N/A
TAGS: ELAB, FR
SUBJECT: LABOR MARKET MEASURES TO COMBAT UNEMPLOYMENT

REF: A) PARIS 21987, B) PARIS 20994

1. SUMMARY: THE FRENCH GOVERNMENT HAS ANNOUNCED A SERIES OF LABOR MARKET MEASURES DESIGNED TO HELP FIGHT RISING UNEMPLOYMENT. THE MEASURES, MANY OF WHICH EXIST ONLY IN GENERAL POLICY FORM, REFLECT THE GOVERNMENT'S CONTINUED REJECTION OF PUBLIC EMPLOYMENT AS A TOOL, AND ARE ESSENTIALLY SUPPLEMENTAL IN NATURE. END SUMMARY.

2. THE FRENCH COUNCIL OF MINISTERS HAS ANNOUNCED A SERIES OF MEASURES DESIGNED TO HELP COMBAT FRANCE'S WORSENING UNEMPLOYMENT PROBLEM BY, INTER ALIA, STRUCTURAL REFORMS IN LABOR MARKET INSTITUTIONS AND REGULATIONS. THESE MEASURES, WHICH ARE OBVIOUSLY SHORT TERM SUPPLEMENTS TO ITS OVERALL ECONOMIC STRATEGY, INCLUDE:

- A SPECIAL FUND TO PROMOTE EMPLOYMENT IN THOSE REGIONS DEPENDENT ON A DECLINING INDUSTRY,

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NOTABLY STEEL AND SHIPBUILDING;
- AN INCREASE IN THE MANDATORY OVERTIME PREMIUM FROM 25 TO 30 PERCENT, BUT WITH ONE-THIRD OF THE NEW PREMIUM GOING, BY WAY OF A SPECIAL TAX, TO THE UNEMPLOYMENT INSURANCE FUND;
- A RESTRUCTURING AND EXPANSION OF THE NATIONAL EMPLOYMENT SERVICE (ANPE);

- REFORMS IN THE APPRENTICESHIP AND VOCATIONAL TRAINING PROGRAMS TO INTEGRATE THEM MORE INTO THE SECOND NATIONAL PACT FOR EMPLOYMENT (SEE REFTEL A), AND TO BRING ABOUT A GREATER CORRESPONDENCE BETWEEN THE KIND OF TRAINING OFFERED AND THE LABOR MARKET DEMAND FOR THE SKILLS ACQUIRED;

- MEASURES TO REGULATE, MORE CLOSELY, THE ACTIVITIES OF AND WORKING CONDITIONS IN THE FIRMS IN THE GROWING TEMPORARY EMPLOYEE INDUSTRY; AND

- SPECIAL ACTIONS DEALING WITH A SERIES OF STRUCTURAL UNEMPLOYMENT PROBLEMS AFFECTING FRANCE'S CADRE (ENGINEERS, TECHNICIANS AND MIDDLE MANAGEMENT PERSONNEL).

AS IS SOMETIMES THE CASE, THE IMPLEMENTING DETAILS OF SOME OF THESE ANNOUNCED MEASURES HAVE NOT YET BEEN DEVELOPED, EVEN WHEN THEIR GENERAL THRUST IS CLEAR. THUS, FOR EXAMPLE, THE ANPE IS LIKELY TO BE FREED OF ITS ROLE AS REGISTRAR FOR UNEMPLOYMENT AND OTHER SOCIAL WELFARE BENEFITS, AND PERMITTED TO BECOME A PURELY JOB-PLACEMENT AND COUNSELING OPERATION, BUT THE DETAILS ARE STILL TO BE WORKED OUT.

3. THE ANNOUNCED LIST OF MEASURES ALSO INCLUDES SOME MOVES TO BRING INCREASED PRESSURE ON THE UNIONS AND THE PATRONAT TO REACH AGREEMENT ON A NUMBER OF GENERAL ISSUES NOW UNDER NEGOTIATION. IN THE CASE
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OF THE REDUCTION OF WORKING HOURS, FOR EXAMPLE, THE GOVERNMENT PROMISES THAT ANY AGREEMENT REACHED BETWEEN THE PARTIES WILL BE LEGISLATED INTO GENERAL APPLICABILITY; BUT IF NO NEGOTIATED AGREEMENT IS ARRIVED AT, THEN THE GOVERNMENT WILL IMPOSE ONE OF ITS OWN CHOICE. SIMILARLY, IN THE DIFFICULT NEGOTIATIONS ON THE FUTURE OF THE SUPPLEMENTAL

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UNEMPLOYMENT INSURANCE COMPENSATION PROGRAMS (WHICH ARE RUNNING LOW ON FUNDS) THE GOVERNMENT HAS POINTEDLY ASKED THE PARTIES TO AGREE TO A PROGRAM TO SUPPLEMENT THE WAGES OF THOSE LAID-OFF WORKERS WHO ARE ENTITLED TO THE MAXIMUM 90 PERCENT UNEMPLOYMENT COMPENSATION BUT WHO INSTEAD OPT TO TAKE A JOB AT A LOWER RATE OF PAY.

4. ANOTHER MEASURE ANNOUNCED BY THE GOVERNMENT IS INSPIRED BY THE PRINCIPAL INGREDIENT IN THE FIRST NATIONAL PACT FOR EMPLOYMENT: EMPLOYER EXEMPTIONS FROM THE HEAVY SOCIAL SECURITY TAXES. UNDER THIS MEASURE, EMPLOYERS IN SELECTED INDUSTRIES WHO TAKE ON PARTIAL SHIFTS OF EXTRA WORKERS WILL BE EXEMPTED FROM THE SOCIAL SECURITY PAYROLL TAX ON THOSE NEW JCBS.

5. THE GOVERNMENT'S LATEST MEASURES CONTINUE TO AVOID THE USE OF ANY DIRECT PUBLIC EMPLOYMENT PROGRAMS. THERE IS A LIMITED MEASURE, INVOLVING THE USE OF FF120 (US \$27) MILLION FOR THE PARTIAL AND TEMPORARY ONLY SUPPORT OF SERVICE SECTOR JOBS
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OF "PUBLIC UTILITY" BUT THE GOVERNMENT REMAINS DETERMINED TO AVOID TAKING THE UNEMPLOYED ON ITS PAYROLL (SEE PARIS 20994), AND SAYS AS MUCH.
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